

Message Text

SECRET

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ACTION SS-30

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 6376

INFO AMEMBASSY BONN

S E C R E T CAIRO 2629

EXDIS

E.O. 11652: GDS

TAGS: PFOR XF EG

SUBJ: GERMAN ECONOMIC ASSISTANCE

REF: STATE 83149

1. PURSUANT INSTRUCTIONS REFTTEL, I MET WITH GERMAN AMBASSADOR STELTZER TODAY TO TELL HIM ABOUT OUR ECONOMIC ASSISTANCE PLANS FOR EGYPT. I INDICATED YOU HAD SENT A MESSAGE TO THE CHANCELLOR IN RESPONSE TO THE LATTER'S COMMENTS TO ME AND THAT THIS HAD BEEN PASSED ON IN BONN. I SUGGESTED THAT AS YOUR RESPECTIVE PLANS DEVELOP, WE OUGHT TO CONSULT TO AVOID DUPLICATION.

2. STELTZER READILY AGREED. HE STATED THAT IT INITIALLY HAD BEEN HOPED BRANDT COULD COME WITH AN ADDITIONAL ECONOMIC AD PACKAGE, BUT THERE SIMPLY HAD NOT BEEN ENOUGH TIME TO PREPARE THIS. INSTEAD, THEREFORE, BILATERAL COMMISSION AT FOREIGN MINISTER LEVEL HAD BEEN ESTABLISHED TO PURSUE ECONOMIC AS WELL AS OTHER DISCUSSIONS AT MORE LEISURELY PACE. FIRST MEETING WILL BE IN BONN NEXT MONTH.

3. STELTZER NOTED PRESENT FRG ECONOMIC ASSISTANCE TO EGYPT CONSISTS OF 135 MILLION DM PER YEAR. BECAUSE OF THE TIME IT TOOK TO ESTABLISH APPROPRIATE OPERATING MECHANISMS, THERE IS CURRENTLY AN UNUSED BALANCE OF 220

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MILLION DM. TO THIS ANOTHER 135 MILLION DM WILL PRESUMABLY

BE ADDED THIS YEAR. SIXTY-SEVEN PERCENT OF THIS AID IS IN GRANTS, AND THE REMAINDER IN THE FORM OF CONCESSIONARY LOAN(TWO PERCENT, 25 YEARS, TEN-YEAR GRANCE PERIOD). BETWEEN 50 AND 60 PERCENT OF THIS AVAILABLE AID IS FOR COMMODITY PROGRAMS, AND THE REMAINDER FOR PROJECT AID.

4. LIKE US, GERMANS HAVE HAD SOME DIFFICULTY IN GETTING CLEAR IDEA FROM EGYPTIANS AS TO THEIR PRIORITIES. FIRST PRIORITY IS CURRENTLY IN PICKING UP IDLE CAPACITY FOR SPIRAL TUBE PLANT, SECOND IS BRINGING NASR BUS AND CAR FACTORY UP TO FULL CAPACITY. GERMANS ARE ALSO THINKING OF CONVENING AN EGYPTIONA-GERMAN SUMPOSIUM TO CONSIDER URBAN RECONSTRUCTION AND DEVELOPMENT. AS STELTZER PUT IT, "WE HAVE HAD A GREAT DEAL OF EXPERIECNE IN RECONSTRUCTION OF DESTROYED CITIES." HE SUGGESTED US MIGHT WISH TO PARTICIPATE IN SUCH SYMPOSIUM WHEN CONVENED.

5. STELTZER IS GOING ON TWO MONTHS' LEAVE TOMORROW, BUT WE AGREED OUR TWO EMBASSIES WOULD KEEP IN TOUCH ON OUR RESPECTIVE ECONOMIC AID PROGRAMS AS THEY DEVELOP.
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